

MICHIGAN TRUCKING ASSOCIATION, INC.

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CHAIRPERSON KATE EBLI AND MEMBERS OF THE HOUSE COMMITTEE ON TAX POLICY

The Michigan Trucking Association (MTA) appreciates the opportunity to comment on House Bills 5391 and 5393. These bills repeal the sales and use tax exemptions granted to for-hire interstate motor carriers for their purchase of truck rolling stock and parts affixed thereto.

MTA opposes these bills.

MTA is the statewide trade association of the Michigan trucking industry. Through its more than 500 members, MTA represents every type and class of motor carrier operating in Michigan.

Trucking in Michigan

Trucking is one of Michigan's larger industries. Some 250,000 people, or one of every 13 workers in the state are employed in jobs that relate to trucking activities.

The trucking industry serves every community in Michigan, of which two-thirds depend entirely on trucks for delivery of goods and services.

Trucks move approximately 83 percent of Michigan's total manufactured freight—nearly seven times the amount of any other transportation mode—because of the superior door-to-door and cost-effective service provided by motor carriers. The selection of motor freight service over other modes of transportation is made by thousands of Michigan shippers and receivers every day.

Trucks are vital to Michigan's traditionally "truck-dependent" industries such as manufacturing, trade, agriculture, forestry and construction. Only trucks can keep the state's retail establishments' shelves stocked and deliver the materials and supplies needed by Michigan's service enterprises each day. In effect, the trucking industry carries everything of value that somebody wants to get somewhere on time and on one piece.

Sales/Use Tax Exemption Background

In 1999, the Michigan Legislature passed legislation (signed into law by the Governor) that allows for a full non-apportioned sale and use tax exemption to interstate for-hire motor carriers for the sale, purchase or lease of rolling stock made after April 30, 1999. This exemption applies to qualified trucks, a trailer designed to be drawn behind a qualified truck, and parts affixed to either a qualifying truck or trailer. These items are collectively defined as "rolling stock".